

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF
PAKISTAN

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Islamabad, the April, 14, 2022

NOTIFICATION

S.R.O. 520 (I)/2022.— In exercise of the powers conferred by section 508 of the Companies Act, 2017 (XIX of 2017) read with section 175 of the Securities Act, 2015 (III of 2015) and clause (b) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Commission of Pakistan, with the approval of the Federal Government, is pleased to direct that the following further amendments shall be made in the Companies (Asset Backed Securitization) Rules, 1999, the same having been previously published in the official Gazette vide Notification No. S.R.O 1128(I)/2021, dated the 6th September, 2021, namely:-

In the aforesaid Rules, -

- (1) in the preamble,—
 - (i) for the expression “506 of the Companies Ordinance, 1984 (XLVII of 1984)”, the expression “508 of the Companies Act, 2017 (XIX of 2017)” shall be substituted;
 - (ii) for the expression “(XLVII of 1997)” the expression “(XLII of 1997) and section 175 of the Securities Act, 2015 (III of 2015)” shall be substituted;
 - (iii) for the words “Policy Board”, the words “Commission of Pakistan” shall be substituted; and
 - (iv) for the figure “506” occurring for the second time, the figure “508” shall be substituted;
- (2) in rule 1,—
 - (i) in the marginal heading, for the words “and commencement”, the expression “commencement and application” shall be substituted; and
 - (ii) after sub-rule (2), the following new sub-rules shall be inserted, namely: -

“(3) They shall apply to offer of debt securities or shariah compliant securities by special purpose vehicles under securitization process.

(4) Special purpose vehicles owned or controlled by the Federal Government or Provincial Government may also adopt these rules to such extent in accordance with applicable law.”;

(3) in rule 2,-

(i) in sub-rule (1),—

(a) the existing clause (a) shall be re-numbered as clause (aa) and before the renumbered clause (aa) the following new clause shall be inserted, namely: -

“(a) “Act” means the Securities Act, 2015 (III of 2015);”

(b) clause (b) shall be omitted;

(c) for clause (d), the following shall be substituted, namely:-

“(d) “future receivables” means all such receivables, against which income may accrue or arise at a future date, meeting such securitized asset criteria as may be specified by the Commission including but not limited to rights, obligations, claims etc. of the parties involved and any other matters arising out of or connected therewith;”

(d) after clause (e), the following new clause shall be inserted, namely: -

“(ea) “issue” means offer of securities by special purpose vehicle;”;

(e) for clause (f), the following shall be substituted, namely: -

“(f) “offering document” means any documents including a prospectus that invites subscription for issue of securities by special purpose vehicle;”;

(f) clause (g) shall be omitted;

(g) for clause (h), the following shall be substituted, namely: -

“(h) “originator” means an entity which transfers its assets to a special purpose vehicle in a securitization transaction;”;

(h) for clause (i), the following shall be substituted, namely: -

“(i) “securitization” means a process whereby any special purpose vehicle raises funds through issuance of debt securities, or *shariah* compliant securities including *Sukuk* under these rules and uses such funds by making payment to the originator and through such process acquires the title, property or right in assets specified by the Commission;”;

(i) in clause (j), for the full stop at the end, the expression “; and” shall be substituted and thereafter the following new clause (k) shall be added, namely: -

“(k) “servicer” means an entity appointed by the special purpose vehicle for the collection or management of the asset pool and for making allocations or distributions to holders of the securitized instrument in accordance with the regulations.”; and

(ii) in sub-rule (2), for the word “Ordinance”, the expression “Act, the Companies Act, 2017 (XIX of 2017) or the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997)” shall be substituted;

(4) for rule 4, the following shall be substituted, namely:-

“4. Eligibility for registration.— A person proposing to commence business as a special purpose vehicle shall be eligible for registration under these rules, if-

(a) it is registered as a public company under the Companies Act, 2017 (XIX of 2017), having a paid-up capital as specified by the Commission;

(b) it is a body corporate; and

(c) its promoters or sponsors, directors, chief executive, officer or employee fulfil the fit and proper criteria as specified by the Commission;

(d) it is a specialized trust carrying out any regulated activity under the administered legislation of the Commission”

- (5) in rule 5,—
- (i) in sub-rule (1), for the word “notify” the word “specify” shall be substituted; and
 - (ii) after sub-rule (2), the following new sub-rule shall be added, namely: -
 - “(3) Registered special purpose vehicle shall comply with the conditions for operation and obligations of special purpose vehicle as specified by the Commission.”;
- (6) in rule 6,—
- (i) in sub-rule (1),—
 - (a) in clause (a), the expression “the Ordinance, or has otherwise neglected or failed to comply with any requirement of” shall be omitted; and
 - (b) in clause (b),—
 - (A) for the words “make a public offering”, the words “issue the debt security or shariah compliant security including sukuk” shall be substituted; and
 - (B) in the proviso, for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely: -
 - “Provided further that a special purpose vehicle may also apply for cancellation of its registration under exceptional circumstances.”;
 - (ii) sub-rule (2) shall be omitted; and
 - (iii) in sub-rule (3), the expression “or, as the case may be, under sub-rule (2),” shall be omitted;
- (7) after rule (6), amended as aforesaid, the following new rules shall be inserted, namely: -
- “**6A Listing.** — (1) A special purpose vehicle shall list its debt securities or shariah compliant securities offered to the public.

6B Modes of fund raising.— A special purpose vehicle may raise funds through issuance of debt securities or shariah compliant securities as specified by the Commission.”;

- (8) rules 7, 8, 9, and 10 shall be omitted;
- (9) in rule 11,—
 - (i) in the marginal heading, after the word “Guidelines” the expressions “, directive or regulations” shall be inserted; and
 - (ii) after the word “issue” the expression “regulations, directives or” shall be inserted; and
- (10) after rule 11, amended as aforesaid, the following new rules shall be added, namely: -

“12. Disclosures in the offering document. — Offering document shall at least contain the information as specified by the Commission.

13. Liquidation or winding up. — A special purpose vehicle, upon payment of all its obligations under the issue including redemption amount, may be liquidated or wound up as per the requirements of Companies Act, 2017 (XIX of 2017).

14. Reporting. - The special purpose vehicle shall file such reports and furnish such documents and information to the Commission or to the investors, as specified by the Commission from time to time.”.

(F. No SMD/CIW/Misc./10/2006)


(Bilal Rasul)
Secretary to the Commission